

The complaint

Mr D complains that Vodafone Limited acted irresponsibly when it lent him five fixed-sum personal loans, as they were unaffordable for him.

What happened

In 2021 and 2022, Mr D took out five fixed-sum loan agreements with Vodafone, each to purchase a smartphone. The five loans fell into arrears, and the balances under the agreements were sold to a third-party debt collection agency.

In 2025, Mr D complained that the fixed-sum loan agreements had been unaffordable for him. In its final response letter, Vodafone said it thought it had acted reasonably.

Mr D wasn't happy with Vodafone's response, and referred his complaint to our service. Vodafone then said it shouldn't have granted him the fifth loan. To resolve Mr D's complaint, it offered to clear the arrears on the loan, and the air-time agreement, and to remove any adverse information about the fifth loan from Mr D's credit file. Mr D didn't accept Vodafone's offer.

One of our Investigators looked into Mr D's complaint. In summary, based on the evidence available to him, he said that he couldn't reasonably conclude that Vodafone had conducted proportionate checks. He thought that if it had, Vodafone wouldn't have granted any of the loans. To resolve things, our Investigator thought that Vodafone's offer regarding the fifth loan was fair. With regards the first four loans, he recommended that Vodafone retrieve the outstanding balances from the third-party debt collection agency, agree affordable repayment plans with Mr D, and update Mr D's credit file to remove all adverse information once each debt was repaid.

Vodafone accepted our Investigator's opinion. Mr D did not. As our investigator couldn't resolve things, the case comes to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I've used this approach to help me decide Mr D's complaint.

I haven't considered in detail whether Vodafone should have lent to Mr D here. It's already accepted that it shouldn't have done so – and there is nothing that clearly indicates it has made an error in reaching that conclusion. So, to resolve things informally I've focused on what I consider central to the dispute, which is whether our Investigator's recommendation is a fair way to put things right.

I think I must also explain at the outset that I'm unable to consider the amounts Mr D owes

under the airtime agreements, as I'm only able to consider complaints about activities that are regulated by the Financial Conduct Authority.

To resolve the complaint, Mr D has told us he wants the full outstanding balances to be forgiven. He's told us that he was struggling with a gambling addiction when he took out the agreements, and sold the smartphones to fund his addiction. Mr D has told us that he's experienced further mental health issues and emotional damage due to the loans he took out with Vodafone.

I'm sorry to hear about the difficulties Mr D has faced, and I'm glad to hear he's now receiving support to help him with his problem gambling. I haven't seen anything to suggest that Vodafone was aware that Mr D was struggling with a gambling addiction. And the fact remains that Mr D received a smartphone from Vodafone for each of the agreements. I don't think it's reasonable to ask Vodafone to forgive the outstanding balances under the first four loan agreements.

Overall, I think the Investigator's recommendation to resolve the complaint is a fair way to put things right and I won't be asking Vodafone to do anything further.

Putting things right

My final decision is that I uphold this complaint. To put things right, Vodafone Ltd should liaise with the third-party debt collection agency to return the debts under the first four loans to itself. It should then:

- Arrange affordable repayment plans with Mr D;
- Once Mr D has cleared the remaining balances, any adverse information recorded in relation to the accounts should be removed from Mr D's credit file.

I think Vodafone Ltd's offer regarding the fifth loan to:

- Forgive the remaining balances under the fixed-sum loan agreement and airtime agreement; and
- Remove any adverse information recorded in relation to the account from Mr D's credit file

Is a fair way to put things right.

My final decision

My final decision is that I uphold this complaint. To resolve things, Vodafone Ltd should take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 March 2026.

Frances Young
Ombudsman